



**BILLING CODE: 4810-033-P**

## **DEPARTMENT OF THE TREASURY**

### **Office of the Comptroller of the Currency**

#### **Agency Information Collection Activities: Information Collection Renewal;**

#### **Comment Request; Leveraged Lending**

**AGENCY:** Office of the Comptroller of the Currency (OCC), Treasury.

**ACTION:** Notice and request for comment.

**SUMMARY:** The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other federal agencies to take this opportunity to comment on a continuing information collection as required by the Paperwork Reduction Act of 1995 (PRA).

In accordance with the requirements of the PRA, the OCC may not conduct or sponsor, and respondents are not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The OCC is soliciting comment concerning the renewal of its information collection titled “Leveraged Lending.”

**DATES:** Comments must be received by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN FEDERAL REGISTER]**.

**ADDRESSES:** Commenters are encouraged to submit comments by e-mail, if possible.

You may submit comments by any of the following methods:

- E-mail: [prainfo@occ.treas.gov](mailto:prainfo@occ.treas.gov).

- Mail: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557-0315, 400 7th Street, SW., suite 3E-218, Washington, DC 20219.
- Hand Delivery/Courier: 400 7th Street, SW., suite 3E-218, Washington, DC 20219.

Instructions: You must include “OCC” as the agency name and “1557-0315” in your comment. In general, the OCC will publish comments on *www.reginfo.gov* without change, including any business or personal information that you provide, such as name and address information, e-mail addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this information collection beginning on the date of publication of the second notice for this collection<sup>1</sup> by any of the following methods:

- Viewing Comments Electronically: Go to *www.reginfo.gov*. Click on the “Information Collection Review” tab. Underneath the “Currently under Review” section heading, from the drop-down menu, select “Department of Treasury” and then click “submit.” This information collection can be located by searching by OMB control number “1557-0315” or “Leveraged Lending.” Upon finding the appropriate information collection, click on the related “ICR Reference Number.” On the next screen, select

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<sup>1</sup> Following the close of the 60-Day comment period for this notice, the OCC will publish a notice for 30 days of comment for this collection.

“View Supporting Statement and Other Documents” and then click on the link to any comment listed at the bottom of the screen.

- For assistance in navigating *www.reginfo.gov*, please contact the Regulatory Information Service Center at (202) 482-7340.
- Viewing Comments Personally: You may personally inspect comments at the OCC, 400 7th Street, SW., Washington, DC. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700 or, for persons who are deaf or hearing impaired, TTY, (202) 649-5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect comments.

**FOR FURTHER INFORMATION CONTACT:** Shaquita Merritt, Clearance Officer, (202) 649-5490 or, for persons who are deaf or hearing impaired, TTY, (202) 649-5597, Chief Counsel’s Office, Office of the Comptroller of the Currency, 400 7<sup>th</sup> Street, SW., Washington, DC 20219.

**SUPPLEMENTARY INFORMATION:** Under the PRA (44 U.S.C. 3501-3520), federal agencies must obtain approval from OMB for each collection of information they conduct or sponsor. "Collection of information" is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) to include Agency recommendations, requests, or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of title 44 (44 U.S.C. 3506(c)(2)(A)) requires federal agencies to provide a 60-day notice in the Federal Register concerning each proposed collection of information, including each proposed extension of an existing collection of information, before

submitting the collection to OMB for approval. To comply with this requirement, the OCC is publishing notice of the proposed collection of information set forth in this document.

Title: Leveraged Lending.

OMB Control No.: 1557-0315.

Description: On March 22, 2013, the agencies<sup>2</sup> issued guidance to the financial institutions they supervise<sup>3</sup> on how to evaluate and monitor credit risks in leveraged loans, understand the effect of changes in borrowers' enterprise values on credit portfolio quality, and assess the sensitivity of future credit losses to these changes in enterprise values.<sup>4</sup> In regard to the underwriting of such credits, the guidance provides information for financial institutions to consider in assessing whether borrowers have the ability to repay credits when due and whether borrowers have sustainable capital structures, including bank borrowings and other debt, to support their continued operations through economic cycles. The guidance also provides information to financial institutions on the risks and potential impact of stressful events and circumstances on a borrower's financial condition.

The final guidance recommends that financial institutions consider developing:

(i) underwriting policies for leveraged lending, including stress-testing procedures for leveraged credits; (ii) risk management policies, including stress-testing procedures for pipeline exposures; and, (iii) policies and procedures for incorporating the results of leveraged credit and pipeline stress tests into the firm's overall stress-testing framework.

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<sup>2</sup> OCC, Board of Governors of the Federal Reserve System, and Federal Deposit Insurance Corporation.

<sup>3</sup> For the OCC, the term "financial institution" or "institution" includes national banks, federal savings associations, and federal branches and agencies supervised by the OCC.

<sup>4</sup> 78 FR 17766 (March 22, 2013).

While not requirements, these recommended policies qualify as “collections of information” as defined in the PRA.

Respondents are financial institutions with leveraged lending activities as defined in the guidance that may develop policies recommended in the guidance.

Title: Guidance on Leveraged Lending.

OMB Control No.: 1557-0315.

Frequency of Response: Annual.

Affected Public: Financial institutions with leveraged lending.

Burden Estimates:

Estimated number of respondents: 29.

Estimated total annual burden: 39,162 hours to build; 49,462 hours for ongoing use.

Total estimated annual burden: 88,624 hours.

Comments submitted in response to this notice will be summarized, included in the request for OMB approval, and become a matter of public record. Comments are invited on:

- (a) Whether the information collections are necessary for the proper performance of the OCC’s functions, including whether the information has practical utility;
- (b) The accuracy of the OCC’s estimates of the burden of the information collections, including the validity of the methodology and assumptions used;
- (c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or startup costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: November 6, 2018.

**Theodore J. Dowd,**

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*Office of the Comptroller of the Currency.*

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